

Housing Comprehensive Plan Task Force

Meeting Summary April 18, 2007

Task Force members present: Jim Erchul, Jon Gutzmann, Shawn Huckleby, Sue McCall, Margy Mattlin, Harry Melander, Marilyn Porter, Paul Rebholz, Jim Solem, Mary Tingerthal, Terri Thao, Missy Thompson, Maureen Warren, Linda White

Task Force members absent: Jim Bellus (excused), Jim Carlson-Otero (excused), John Couchman, Beverley Hawkins, Ilean Her, Marjorie Mangine (excused), Gaius Nelson (excused)

Staff: Luis Pereira, Yang Zhang (PED)

Guests: Eduardo Barrera (Planning Commission), Allen Black (Presbyterian Homes), John Buzza (MICA), Margaret Christenson (Lifease), Dave Haley (Ramsey County Human Services), Alicia Huckleby (St. Paul PHA), Shannon Meza (University of Minnesota)

The meeting began at 4 p.m. The first portion of the meeting was a discussion with four panel members: Ms. Christenson, Mr. Black, Ms. Warren, and Mr. Haley.

Many seniors are looking for “cottage-style” dwellings: one-story living, comparable to single-family homes, but smaller. Generally there is less greenspace than in a single-family environment. The Pratt Homes is a good example. The Wilder Foundation is not building any new senior housing. From the demographics they are serving, the seniors tend to be younger (ages of 62-70), and are often disabled, and in general have become poorer, with little or no family connection, and represent more diversity. St. Paul is losing seniors to Dakota County. In Ramsey County, the demand for nursing homes has reduced while the need for assisted-living facilities increased. There have more development of mid- to high-income senior housing, but the needs of the lower-income segment are unmet.

There has also been a huge increase in the mentally-ill population. The operations of housing facilities for this population have become smaller. We have seen an increasing demand of small clusters of developments (e.g., a 36-unit development). Given the lack of density, in these developments, it takes more service coordination and is not economically easy to do.

In general, Ramsey County Human Services has three main target populations: people with developmental disabilities, mental illnesses, and chemical dependency. In the 1960s, adults with developmental disabilities lived in large state institutions. Now the population is housed in smaller homes with 5 or fewer occupants (same zoning designation as single-family homes). For people with mental illnesses, there has also been a transition to smaller-scale dwellings, but the change has not been as fast as the change among housing for those with developmental disabilities. Now, housing for people with chemical dependencies is following the dispersal model, but there is lower level of social acceptance compared with the other kinds of special-need populations. The per person costs have are also much higher under the dispersal model. There are fewer services now available for people with chemical dependency, and federal money has dropped. The emergence of sober houses is a partial response to this shortage, which are privately owned and operated without government involvement.

In terms of service needs, seniors over 85 years old are in need of much more in-home care. Many of them want to stay in their homes. They need people to help with housekeeping, basic needs, and medical

assistance, etc. Such services are required 24-7 and are expensive to provide. There is a workforce challenge, since seniors now can rely less on their families than before. The pressure is on the public sector to provide the workforce and resources. Many people in the 82-84 year-old range are single or widowed women. They need basic supervision of social activity, light housekeeping assistance, and want to be around others. In Presbyterian Homes, 75 – 85% of first-time entrances in to the system occur at the assisted living facilities. The occupants moved in out of need; they didn't want to move out of their old neighborhood. There is a growing need for skilled nursing and by the memory care group.

Another question involves mentally-disabled seniors. How do they live with the non-disabled population? This problem is particular acute for those who only need occasional help (not those who need 24-hour care). How do disabled seniors retire?

For the younger seniors (65 to 75 years old), they are much more active and want the services to enable them to go out and enjoy life (the so-called “go-go” demographic), often moving due to lifestyle choices, not out of need. For the senior living/ “continuum of care” campuses, there are generally long waiting lists, including the campus on Humboldt on the West Side and in Maplewood. “Continuum of care” models are popular but they require land, which is scarce.

The middle age group (age 75-85) (the “slow-go” demographic) is experiencing out migration from St. Paul, either to connect with family or due to the lack of comparable facility. They want a continuum of care as an organized system. It doesn't necessarily have to be on the same campus, but there needs to be a referrals network.

A successful “skilled nursing care” model, called the [Green House](#) in Mississippi, funded partially by the Robert Wood Johnson Foundation, consists of a home designed to look like a private home or apartment in the surrounding community. Each person who lives in a Green House has their own bedroom and full bathroom. Each Green House must have a central hearth with an adjacent open kitchen and dining area, and short halls with access to the hearth, with 7-10 people living together in a unit. There are usually limits on the level of care these facilities can provide, with one nurse from the clinical team serving the residents in two Green Houses, and the other clinical professionals visiting the houses regularly and as individual residents require. It's not designed for those who need 24-7 care. There is no institutional routine in terms of medical care, allowing residents to be more independent. A project needs to achieve an economy of scale to be feasible: 40 – 60 units for skilled care as a minimum; 60 – 100 units is better. A neighborhood housing model has been used in Sweden, where nurses ride bikes to provide supportive care. It may be feasible in higher density areas (a hub-and-spokes strategy).

Nursing Homes have seen a reduction in the number of beds, but are not closing yet. Part of this decline is due to reduced market demand, and part due to the high cost of new beds—licensing for new nursing homes costs \$36,000/bed. There are higher turnovers in nursing homes now than before. St. Paul has many nursing homes, and the question came up about the feasibility of adapting such buildings for assisted living or other senior housing in which the rooms can be made larger and more private (less institutional). Allen Black stated that it can be done, but it can be costly, and not optimal in terms of the outcomes. Other nursing homes are thinking about how to adapt them for non-senior use (single room occupancy can be a nice fit). Nursing homes need to be redesigned and retooled, but they are still an important component of the continuum of care.

“Universal Design” (also known as Visitability) is a set of standards that enable accessibility by people in wheelchairs, limited mobility seniors, and others with mobility challenges. It usually requires at least 1 bedroom on the main floor, no stairs, 36-inch wide hallways, the use of levers on door handles and

instead of knobs, and railings within bathrooms. These changes would need to be made to single-family homes to allow the senior population to stay in their homes as they age.

Despite NIMBYism about high density, there are successful examples of senior housing with significant density. The senior development at 98th Street and Penn in Bloomington is located on top of commercial establishments. The residents are mostly from the suburbs. They loved the pedestrian access to services. Ancillary spaces are important to seniors: they want to be close to social, spiritual, and recreational opportunities. The location will determine the appropriate density. In urban areas or first-ring suburbs, 30-plus units to the acre is usually acceptable. In outer suburbs, 15 to 20 units to the acre is common.

Traditionally senior developments have very small units. The seniors today and in the near future, especially the baby boomers that can afford market-rate housing, expect large units.

Transportation is very important to seniors. The Wilder Foundation just hired a new bus driver for their senior housing. Seniors rely on bus transportation to buy groceries, get hair cuts, and meet other daily needs. Many of the services are pre-existing. The challenge is how to fit housing into the service mix.

A question was raised about whether the market would support senior housing development at the Ford site. Presbyterian Homes believes that the site could work for them. They have more access to high-income seniors in St. Paul than a second-ring suburb such as Chanhassen. Many of the residents at their North Oaks property were from St. Paul; they could not find the kind of housing stock they desired in St. Paul. Creating mixed-income housing also serves the mission of the non-profits. In Eden Prairie, Presbyterian Homes was a part of a 700-unit mixed use development. It included a vertical continuum of care, with assisted living and nursing home in one facility. They used some TIF funding. The units are 20% affordable. For high-income seniors, they built very large units between 2,000 and 3,000 square feet per unit in size.

The cost of assisted living ranges between \$2,500 and \$6,000/month. Congregate independent living costs about half of that. Between 60 to 70 percent of seniors in assisted living are spending down their assets. In the future, congregate independent living will be in greater demand in St. Paul.

In the future, the experts see that more assisted living facilities will be needed for memory care people. On average, seniors who enter an assisted living facility spend less than 2 years in it before they pass away or move to a more care-intensive facility. There may be a potential for a combination of reverse mortgage and virtual service association (similar to homeowner association) for seniors.

Shawn Huckleby with Emerging Markets Homeownership Initiative presented on the progress of and findings by EMHI, as well as foreclosures trends. Minnesota has one of the highest homeownership rates in the US, but the 8th largest gap between Euro-American households and households of color, but the gap has closed slightly. Since forming EMHI two years ago, in Minnesota, Asian households have shown the largest net increase in homeownership (60%), followed by Hispanics and Some other race households (increases of over 70%).

In St. Paul, EMHI is working with Model Cities and Aurora St. Anthony Neighborhood Development Corporation to allow people making \$25,000/year to become homeowners (80% of AMI). It is a lease-to-own program (contract for deed) with a training component. They are also working with the City's Minority Business Development & Retention staff to market the City's *CityLiving* homeownership programs to households of color.

The Joint Center for Housing Studies at Harvard University estimates that, "...the lower average incomes and ages of minorities together account for about 15 percentage points of the gap in the homeownership rates." (The State of the Nation's Housing 2006). Minorities experience shorter spells of homeownership and longer periods between homeownership (a study found that over 40% of minority homeowners were no longer homeowners after 2 years, compared to less than 30% of low-income non-Hispanic whites). There is a direct relationship between foreclosures and the loan product. Health and employment are also important.

Huckleby analyzed the 7 County Metro foreclosures data. There have/will be three waves of foreclosures, anticipated for another 2-3 years: creative financing (no-documentation, negative amortization, etc.), overhoused and overstretched middle-class who have exhausted their reserves (we are in this wave now), and investors who are unable to sell properties as they planned (the third wave). There has been an increase in the number of single owner/investor defaulting on multiple properties.

The metro area still has the greatest concentration of foreclosures and defaults. However, it is also seen in Greater Minnesota, especially in St. Louis County and Duluth areas. Internet lending for refinancing is suspected to be the culprit.

A question was raised about whether homeownership is a viable option for those with very low income (20-30% of AMI). The assumption has generally been that home-ownership is a wealth-creation model. However, there are other **non-traditional** models such as land trust that provide the same stability homeownership offers, if not the same level of wealth. Other models include limited equity coops. Traditional models of homeownership have high failure costs. There needs to be a continuum of services and education in homeownership, starting prior to getting financing, through pre-purchase and credit counseling. Homeownership should be the ultimate goal, but maybe as a middle step, other models should be considered, such as co-ops or rent-to-own. A housing type near the light rail might be 2nd story cluster housing, with one of these nontraditional models. The FHA is changing some programs, including new products like a zero-down product, a 40-year mortgage product, and a mortgage that is risk indexed on mortgage insurance premiums.

What to do with abandoned properties is a public policy question. In suburban communities, houses are vacant but not boarded up. They are well maintained. St. Paul needs to change how it deals with vacant houses. They should NOT be clearly marked; the clear marking leads to vandalism.

The mortgage industry also needs to change. Currently transactions are based on the originator's side. Loan servicing is not done locally. If the loan servicers are local, they could work with homeowners when the homeowners first begin defaulting on their loans. Also, the state needs to regulate mortgage products better.

In communities of color, most mortgage brokers are smaller and do not have the credential/financial capital to do MHFA or FHA loans. A new model is being explored in which a general broker "wholesales" such loan products from these government agencies and enables smaller minority brokers to access these funds.

Some Task Force members completed and turned in a survey on demographics and affordable housing.

The meeting adjourned at 6:00 p.m.

Next Meeting: May 16, 2007, 4 – 6 p.m., Rondo Community Outreach Library, Task Force Meeting on sustainability and housing design